

BRAC EPL Investments Limited
Statement of Financial Position
As at 30 June 2019

	Notes	30-Jun-19 Taka	2018 Taka
Assets			
Non-current assets			
Property, plant and equipment	5	8,189,528	8,872,028
Investment in associate company	6		15,676,040
Deferred tax assets	7	282,156,146	282,156,146
		290,345,674	306,704,215
Current assets			
Account receivables	8	27,242,656	27,928,847
Inter-company receivables	9	78,544	21,022
Other receivables		82,953	10,376,907
Investment in quoted securities	10	1,134,286,439	1,142,452,451
Investment in Share-IPO			-
Advance income tax	11	23,117,148	18,608,816
Loans and advances to customers	12	1,702,987,986	1,703,219,146
Accrued interest and management fees receivable	13	325,834,424	332,702,889
Advances, deposits and prepayments	14	2,837,511	5,688,435
Cash and cash equivalents	15	13,603,557	14,054,573
		3,230,071,219	3,255,053,086
Total assets		3,520,416,893	3,561,757,301
Equity and Liabilities			
Shareholders' equity			
Share capital	16	2,585,000,000	2,585,000,000
Share premium		436,825,951	436,825,951
Retained earnings		(1,950,340,878)	(1,907,652,764)
Shareholders' equity		1,071,485,073	1,114,173,187
Current liabilities			
Customer deposits	17	103,228,440	94,838,032
Bank overdrafts	18	801,840,752	799,265,809
Short term loan	19	446,656,667	470,000,000
Account payables	20	14,228,825	9,716,578
Other liabilities	21	1,078,680,930	1,069,765,583
Provision for taxation	22	3,470,757	2,970,757
Inter-company payable to BRAC EPL Stock Brokerage Limited	23	825,449	1,027,356
		2,448,931,819	2,447,584,114
Total equity and liabilities		3,520,416,893	3,561,757,302

These financial statements should be read in conjunction with annexed notes 1 to 34


Acting Chief financial officer


Chief executive officer

BRAC EPL Investments Limited
Statement of Profit or Loss & Other Comprehensive Income
For the period ended 30 June 2019

	Notes	30-Jun 2019	30 June 2018
Revenue			
Interest income from margin loan		8,622,221	50,237,154
Interest expenses	24	(65,932,034)	(48,180,702)
Net interest income (A)		(57,309,813)	2,056,452
Fee and commission income	25	15,257,228	18,943,393
Fee and commission expenses	26	(3,493,544)	(4,445,858)
Net fee and commission income (B)		11,763,684	14,497,535
(Loss)/gain from investment in securities	27	22,783,018	(129,891,164)
Other operating income/(loss)	28	7,618,879	8,307,167
Net (loss)/gain from investment in securities (C)		30,401,897	(121,583,997)
Total operating income/(loss) (A+B+C)		(15,144,232)	(105,030,010)
Operating expenses	29	(26,956,618)	(27,895,645)
Depreciation & amortization	5	(1,161,893)	(835,631)
Operating profit/(loss) (D)		(43,262,743)	(133,761,286)
Finance income		33,186	74,789
Financial expenses	30	(455,437)	(377,493)
Net finance income (E)		(422,251)	(302,704)
Share of profit of equity in associate company (F)		1,496,879	149,364
Impairment loss on investment in unquoted securities (G)			
Gain/Loss on Disposal of Assets		-	
Profit/(loss) before provisions (D+E+F+G)		(42,188,114)	(133,914,625)
Provision for loans and advances	21.1		
Loss before tax		(42,188,114)	(133,914,625)
Tax expenses	31	500,000	902,600
Net loss after tax		(42,688,114)	(134,817,225)
Other comprehensive Income			
Total loss		(42,688,114)	(134,817,225)

These financial statements should be read in conjunction with annexed notes 1 to 34

Acting 
Chief financial officer


Chief executive officer

BRAC EPL Investments Limited
Statement of Cash Flows
As at 30 June 2019

	2019 Taka	2018 Taka
A. Operating activities		
Net profit before tax	(42,188,114)	(133,914,625)
<i>Add: Items not involving in movement of cash:</i>		
Depreciation on property, plant and equipment	1,057,056	429,442
Amortization of intangible asset	104,836	19,551
Gain on disposal of property, plant and equipment	(24,000)	(2,842,200)
Bad debt expenses		
Fair value adjustments for fall in values of investment in securities	(11,064,675)	133,895,276
Share of profit of equity in associate company	(1,496,879)	(149,364)
	<u>(11,423,661)</u>	<u>131,352,705</u>
Income tax paid	(4,508,332)	(4,262,906)
Operating (loss)/profit before changes in working capital	<u>(58,120,108)</u>	<u>(6,824,826)</u>
Changes in working capital :		
(Increase)/decrease in loan and advances to customers	231,160	19,167,075
(Increase)/decrease in accrued interest and mgt. fees receivable	6,868,465	(19,285,872)
(Increase)/decrease in account receivables	686,191	(11,400,812)
(Increase)/decrease in advance, deposits and prepayments	2,850,924	1,491,860
(Increase)/decrease in inter-company receivable	(57,522)	2,080,328
(Increase)/decrease in other receivables	10,293,954	(7,130,592)
Increase/(decrease) in customer deposits	8,390,408	(248,353,728)
Increase/(decrease) in account payables	4,512,247	(22,217,826)
Increase/(decrease) in inter-company payable	(201,907)	31,805
Increase/(decrease) in other liabilities	8,915,347	(9,281,306)
	<u>42,489,267</u>	<u>(294,899,068)</u>
Net cash (used)/from operating activities (A)	<u>(15,630,841)</u>	<u>(301,723,894)</u>
B. Cash flows from Investing activities:		
Acquisition of property, plant and equipment	(479,391)	3,847,240
Disposal of property, plant and equipment	24,000	2,842,200
Striking off Brac Asset Management	17,172,920	
Sale/(purchase) of investment securities	19,230,687	79,816,579
Net cash used in investing activities (B)	<u>35,948,215</u>	<u>6,689,440</u>
C. Cash flows from Financing activities		
Receipt/(repayment) of bank overdraft	2,574,943	27,147,834
Receipt/(repayment) of short term loans	(23,343,333)	250,000,000
Receipt/(repayment) of revolving time loan		
Capital lease obligation paid		
Share Capital Increased		
Net cash from/(used) in financing activities (C)	<u>(20,768,390)</u>	<u>277,147,834</u>
Net decrease in cash and cash equivalents (A+B+C)	<u>(451,016)</u>	<u>(17,886,620)</u>
Cash and cash equivalents at the beginning of the year	14,054,573	40,721,893
Cash and cash equivalents at the end of the year	<u>13,603,557</u>	<u>22,835,273</u>


acting 
Chief financial officer


Chief executive officer

BRAC EPL Investments Limited
Statement of Changes in Equity
For the period ended 30 June 2019

Particulars	Amount in Taka			
	Share capital	Share premium	Retained earnings	Total
Balance as on 1 January 2017	585,000,000	436,825,951	(1,199,451,558)	1,822,374,393
Increase of share capital	2,000,000,000			2,000,000,000
Total comprehensive income for the year 2017	-	-	(489,862,076)	(489,862,076)
Balance as on 31 December 2017	2,585,000,000	436,825,951	(1,689,313,634)	1,332,512,317
Total comprehensive income for the year 2018	-	-	(218,339,130)	(218,339,130)
Balance as on 31 December 2018	2,585,000,000	436,825,951	(1,907,652,764)	1,114,173,187
Total comprehensive income for the year 2019	-	-	(42,688,114)	(42,688,114)
Balance as on 30 June 2019	2,585,000,000	436,825,951	(1,950,340,878)	1,071,485,073

acting 
 Chief financial officer


 Chief executive officer

5 Property, plant and equipment- at cost less accumulated depreciation

Assets	Cost				Rate of depreciation	Depreciation				Amount in laka	
	Balance on 1 January 2019	Additions during the year	Adjustment during the year	Balance on 30 June 2019		Balance on 01 January 2019	Charged during the Period	Adjustment during the year	Balance on 30 June 2019	Written down value at 30 June 2019	Written down value at 31 December 2018
Furniture & fittings	4,394,050	-	-	4,394,050	10%-33.33%	4,338,768	3,500	-	4,342,267	51,783	55,283
Office floor space	6,348,797	-	-	6,348,797	5%-20%	2,722,434	153,692	-	2,876,125	3,472,672	3,626,363
Motor vehicles	12,104,340	-	-	12,104,340	20%	7,260,747	866,306	-	8,127,053	3,977,287	4,843,593
Leasehold improvement	600,940	-	-	600,940	15%-33.33%	600,940	-	-	600,940	-	-
IT equipment	14,233,271	-	255,000	13,978,271	10%-50%	14,211,629	21,643	255,000	13,978,271	-	21,643
Office equipment	9,857,480	-	-	9,857,480	10%-50%	9,832,111	11,917	-	9,844,028	13,452	25,369
Jun-19	47,538,879	-	255,000	47,283,879		38,966,629	1,057,056	255,000	39,768,685	7,515,194	8,572,250
2018	50,011,819	3,847,240	6,347,746	47,511,313		42,990,924	429,442	6,347,746	37,072,620	10,438,693	

5.1 Intangible assets

Assets	Cost				Rate of depreciation 33.33%	Amortization				Written down value at 30 June 2019	Written down value at 31 December 2018
	Balance on 1 January 2019	Additions during the year	Adjustment during the year	Balance on 30 June 2019		Balance on 01 January 2019	Charged during the Period	Adjustment during the year	Balance on 30 June 2019		
Software	469,220	479,391	-	948,611		169,441	104,836	-	274,277	674,334	299,780
2018	-	-	-	234,610		52,136	19,551	-	71,686		

6 Investment in associate company

BRAC Asset Management Company Limited
Profit for the period

Striking off Investments in associate

Balance as at 30 June 2019 Taka	Balance as at 31 Dec 2018 Taka
---------------------------------------	--------------------------------------

15,676,040	15,526,676
1,496,879	149,364
<u>17,172,920</u>	<u>15,676,040</u>
<u>(17,172,920)</u>	
-	

7 Deferred tax assets

Deferred tax has been recognized in accordance with the provision of BAS 12 based on temporary differences arising due to difference in the carrying amount of the assets or liabilities and their tax base. Related tax income / expense has been recognised in the Profit and Loss account.

7.1 Deferred tax on temporary differences

(i) Deductible temporary differences

Property, plant and equipment

(2,606,850)

(ii) Taxable temporary difference

Finance lease obligations

Net taxable temporary differences

- (2,606,850)

Deferred tax asset

(977,569)

Net taxable temporary differences

(2,606,850)

Tax rate

37.50%

Deferred tax asset as at 31 December

- (977,569)

Less: opening balance as at 1 January

1,468,974

Deferred tax expense /(income)

- 491,405

7.2 Net Operating loss carry forwards

Operation income/(loss) before provision

-

Tax rate

37.50%

Deferred tax asset as at 31 December

(281,178,577)

Less: opening balance as at 1 January

-

Deferred tax expense /(income) from operating loss

(281,178,577)

Total deferred tax expense /(income)

491,405

8 Account receivables

Portfolio Management Department (PMD) (Note-8.1)

13,508,459 3,528,400

Structured Finance Department (SFD) (Note-8.2)

13,734,197 24,400,447

27,242,656 27,928,847

8.1 Portfolio Management Department (PMD)

Receivable from brokerage for client trading

13,508,459 3,528,400

Receivable from brokerage for own investment

-

13,508,459 3,528,400

PMD's receivables consist mainly of net receivables from brokers for daily sale and buy transactions of clients. These are cleared every 3 working days. Dividend income receivable represents approved dividends declared by listed entities which have not yet been credited to the company's account through the Central Depository Bangladesh Limited. These receivables are considered good at the reporting date.

8.2 Structured Finance Department (SFD)

Debt arrangement fees	11,430,572	22,096,822
Corporate advisory fees	2,303,625	2,303,625
	<u>13,734,197</u>	<u>24,400,447</u>

9 Inter-company receivables

BRAC EPL Stock Brokerage Limited	78,544	21,022
BRAC Asset Management Company Limited	-	-
BRAC Impact Ventures Limited	-	-
	<u>78,544</u>	<u>21,022</u>

10 Investment in quoted securities

1,134,286,439 1,142,452,451

The company invests in quoted securities, traded on the secondary capital market in Bangladesh. At the reporting date these are recognized at market value on aggregate basis. As per BAS 39 Financial Instruments: Recognition and Measurement, these have been classified as fair value through profit or loss where gains or losses arising from a change in the fair value of such financial assets are recognized in the statement of comprehensive income.

11 Advance income tax

Opening balance	18,608,816	14,748,510
Add: paid during the year	4,508,332	3,860,306
	<u>23,117,148</u>	<u>18,608,816</u>
Less: adjusted during the year	-	-
	<u>23,117,148</u>	<u>18,608,816</u>

12 Loans and advances to customers

Opening balance	1,703,219,146	1,722,386,221
Increase / (decrease) during the year	(231,160)	(19,167,075)
	<u>1,702,987,986</u>	<u>1,703,219,146</u>

13 Accrued interest and management fees receivable

Accrued interest receivable	316,779,024	317,373,625
Accrued management fees receivable	9,055,400	15,329,265
	<u>325,834,424</u>	<u>332,702,889</u>

Accrued interest receivable and accrued portfolio management fee is deducted from client's account on every calendar quarter and adjusted with client's purchase power accordingly.

14 Advances, deposits and prepayments

Advances		
Staff loans	110,000	
General suppliers	206,258	206,258
	<u>316,258</u>	<u>206,258</u>
Deposits		
Regulators	310,000	314,500
Pre- IPO	573,541	3,529,965
	<u>883,541</u>	<u>3,844,465</u>
Prepayments		
Office rent	1,637,712	1,637,712
	<u>2,837,511</u>	<u>5,688,435</u>

15 Cash and cash equivalents

Cash in hand	76,611	98,868
Balance with Banks		
BRAC Bank Limited	3,054,551	7,659,807
Standard Chartered Bank	9,184,952	5,211,796
NRB Commercial Bank Limited	511,992	511,992
NRB Bank Limited	1,667	1,667
One Bank Limited	672,196	468,854
United Commercial Bank Limited	-	-
Standard Bank Limited	5,369	5,369
IFIC Bank Limited	-	-
Midland Bank	96,220	96,220
	<u>13,603,557</u>	<u>14,054,573</u>

16 Share capital**16.1 Authorized share capital**

300,000,000 ordinary shares of Taka 10 each	3,000,000,000
---	---------------

16.2 Issued, subscribed and paid-up share capital

258,500,000 ordinary shares of Taka 10 each	2,585,000,000
---	---------------

The company's shareholding position as at 30th June was as follows:

Name of shareholders	Nationality/ Incorporated in	No of shares	Face value per share (Taka)
BRAC Bank Ltd.	Bangladesh	258,358,734	10
Other individual shareholders	Various	141,266	
		<u>258,500,000</u>	

As per Form-117, BRAC Bank Limited (hereinafter called the "said Transferee") acquired shares from the minority shareholders on 19th November 2017. Now BRAC Bank Limited currently holding 99.85% of shares of BEIL's total subscribed shares.

17 Customer deposits

Opening balance	94,838,032	343,191,760
Change during the year	8,390,408	(248,353,728)
	<u>103,228,439.80</u>	<u>94,838,031.80</u>

Customer deposits represent un invested funds lying in the company's account at the reporting date.

18 Bank overdrafts

BRAC Bank Limited	801,840,752	799,265,809
IFIC Bank Limited		
One Bank Limited		
Standard Bank Limited		
United Commercial Bank Limited		
NRB Commercial Bank Limited		
	<u>801,840,752</u>	<u>799,265,809</u>

The terms and conditions of the bank overdraft are as follows:

BRAC Bank Limited

Type of facility	: Overdraft 1- renewal
Facility limit	: BDT 800,000,000 (BDT eight hundred million) only.
Repayment procedures	: From operational cash flow/or own sources of borrower.
Maximum tenor	: On demand
Purpose	: To meet day to day operational activities.
Expiry	: 29 March 2019

19 Short term loan	<u>446,656,667</u>	<u>470,000,000</u>
19.1 Opening balance	-	220,000,000
Add: received during the year		970,000,000
	<u>446,656,667</u>	<u>1,190,000,000</u>
Less: payment during the year	-	720,000,000
	<u>446,656,667</u>	<u>470,000,000</u>

The terms and conditions of the loan taken from Industrial and Infrastructure Development Finance Company (IIDFC) Limited

Loan limit	: BDT 500,000,000 (BDT seven hundred million) only.
Repayment procedures	: From operational cash flow/or own sources of borrower.
Maximum tenor	: 180 days (maximum from date of each disbursement)
Purpose	: To meet funding requirement for margin lending.
Expiry	: 29 October 2019

19.2 Short term loan	
Opening balance	
Add: Received during the year	
Less: Payment during the year	

20 Account payables		
Broker for client trading	9,073,466	3,269,339
VAT on fee income	4,400,486	5,791,736
Payable for other PMD activities	1,050	883
Broker for Own Investment	-	-
Tax deducted at source from salaries and allowances	270,520	219,146
Tax deducted at source from suppliers	48,791	84,093
Withholding VAT on office rent	6,120	-
Withholding VAT on suppliers' payments	363,180	310,534
Tax deducted at source from office rent	65,213	40,848
	14,228,825	9,716,578
21 Other liabilities		
Provision for loans and advances (Note 21.1)	1,059,064,609	1,059,064,609
Interest payable	-	-
Sales receivable in transit	13,351,888	4,905,854
Salaries & Other payable	-	-
CDBL charges	24,047	19,970
Office maintenance	5,340,350	5,068,921
Audit fees	126,500	198,000
IT expenses	211,386	211,386
Telephone and mobile expenses	21,099	21,099
Rent	55,813	55,813
Security services	(4,546)	(4,644)
Legal and professional fees	246,174	215,574
Repair and maintenance	-	-
Printing- Postage & Stationery	9,001	9,001
Advertisement	-	-
Other payable	-	-
Liability for fixed Assets	234,610	-
	1,078,680,930	1,069,765,583
21.1 Provision for loans and advances		
Opening balance	1,059,064,609	1,059,064,609
Provision made during the year	-	-
Provision released during the year	-	-
Closing balance	1,059,064,609	1,059,064,609
22 Provision for taxation		
Opening balance	2,970,757	2,072,644
Add : provision made during the year	500,000	898,113
	3,470,757	2,970,757
Less: paid/adjusted during the year	-	-
	3,470,757	2,970,757
23 Inter-company payable		
BRAC Asset Management Company Limited		400,000
BRAC EPL Stock Brokerage Ltd.	825,449	627,356
	825,449	1,027,356
	From Jan- June	From Jan- June
	2019	2018
	Taka	Taka
24 Interest expenses		
BRAC Bank Limited	59,075,367	48,180,702
United Commercial Bank Limited	-	-
IFIC Bank Limited	-	-
Standard Bank Limited	-	-
ONE Bank Limited	-	-
NRB Commercial Bank Limited	-	-
NRB Bank Limited	-	-
Investment Corporation of Bangladesh	-	-
IIDFC	6,856,667	-
	65,932,034	48,180,702

25 Fee and commission income

Portfolio Management Department (PMD) (note-24.1)	15,257,228	15,098,393
Investment Banking Department (IBD) (note-24.2)	-	-
Structured Finance Department (SFD) (note-24.3)	-	3,845,000
	<u>15,257,228</u>	<u>18,943,393</u>

25.1 Portfolio Management Department (PMD)

Settlement fees	6,492,419	8,240,570
Management fees	8,746,564	6,835,108
BO maintenance fees	1,950	3,150
Documentation fees	6,300	7,900
Commission income from IPO	9,995	11,665
	<u>15,257,228</u>	<u>15,098,393</u>

25.2 Investment Banking Department (IBD)

Corporate advisory fees

-

25.3 Structured Finance Department (SFD)

Debt arrangement fees	-	2,000,000
Corporate advisory fees	-	1,845,000
	<u>-</u>	<u>3,845,000</u>

26 Fee and commission expenses

Brokerage commission cost	3,493,544	4,445,858
	<u>3,493,544</u>	<u>4,445,858</u>

27 (Loss)/Income from investment in securities

Realized (loss)/ gain during the year	11,718,343	4,004,112
Fair value adjustment at reporting date	11,064,675	(133,895,276)
	<u>22,783,018</u>	<u>(129,891,164)</u>

28 Other operating income/(loss)

Dividend income	7,594,879	5,464,967
Interest income on staff loan	-	-
Gain on disposal of property, plant and equipment	24,000	2,842,200
Unrealized Interest and fees from negative equities customers written-off during the year	-	-
Others	-	-
	<u>7,618,879</u>	<u>8,307,167</u>

29 Operating expenses

Salaries and allowances	13,566,101	17,115,291
Other personnel expenses	2,044,947	-
Rental expenses	4,802,952	4,163,670
Utilities, maintenance and running expenses	2,942,983	3,646,516
CDBL expenses	236,211	253,211
Legal and professional fees	661,900	697,200
Telephone, communication and IT expenses	601,972	504,260
Bad debt expenses	-	-
Printing and stationery	349,891	79,614
Travelling and conveyance	95,142	110,306
Vehicle maintenance expenses	470,475	195,354
Entertainment expenses	156,539	181,598
Training and development expenses	-	-
Meeting expenses	76,668	155,000
License and renewal fees	-	-
Advertisement expenses	-	-
Audit fees	126,500	126,500
Regulatory fees	100,000	200,000
Insurance	724,337	467,125
	26,956,618	27,895,645

30 Financial expenses

Bank charges and commission	455,437	377,493
	455,437	377,493

31 Tax expenses

Prior year taxes	-	-
Current year taxes	500,000	902,600
Deferred tax (income)/expense	-	-
	500,000	902,600

32 Number of employees

During the period 27 permanent employees were in the employment with the company whose earning was Taka 36,000 or more per annum.

33 Related party transactions

During the year, the company carried out a number of transactions with related parties in the normal course of business. In accordance with the provisions of BAS 24 : Related party disclosure, these are detailed below.

Name of party	Nature of transactions	
Brac Bank Limited	Interest payable	
	Loans and borrowings	801,840,751.60
	Interest Expense	59,075,367
BRAC EPL Stock Brokerage Limited	Expenses payable	825,449.00
BRAC EPL Stock Brokerage Limited	Receivable	78,544.00
BRAC Asset Management Company Ltd.	Reimbursable expenses	
BRAC IT Services Limited	Internet exp payable	

34 Events after the reporting date

No subsequent events were noted for which adjustments or disclosures are required in accordance with BAS 10.